

# THE FINANCIAL CONNECTION

NEWS FROM THE FINANCIAL MANAGEMENT SERVICE  
A BUREAU OF THE U.S. DEPARTMENT OF THE TREASURY

## How the Money Comes In... And How It Goes Out

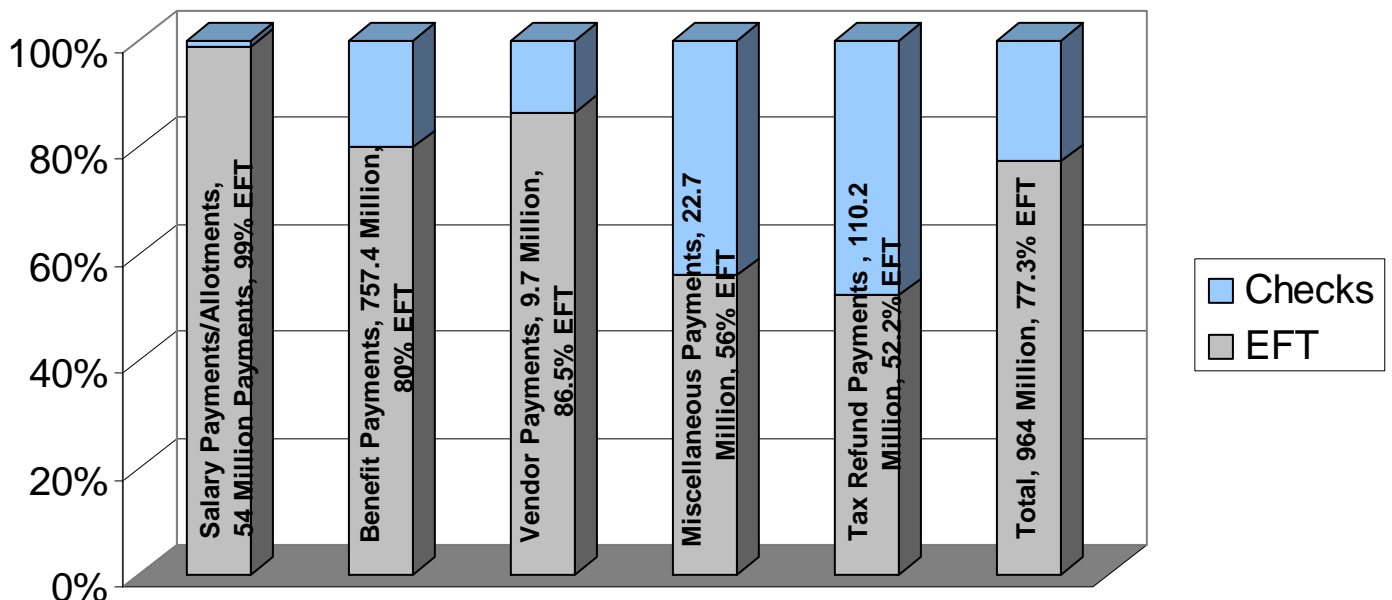
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**T**he **Financial Management Service** (FMS) administers the world's largest government funds collection systems via a network of over 10,000 financial institutions. In fiscal year 2006, FMS collected nearly \$3 trillion in federal revenues, including individual and corporate income tax deposits, customs duties, fees for government services, fines and loan repayments.

In addition, FMS on behalf of agencies across the federal government made 964 million disbursements, not including grant payments issued by the Federal Reserve Bank of Richmond as an FMS fiscal agent.

The charts below and on the following pages detail the FY06 collections and disbursements. FMS's strategic goals include timely and accurate handling of federal payments and collections.

**Treasury Disbursed Payment Volumes FY06  
EFT vs. Check Disbursements**

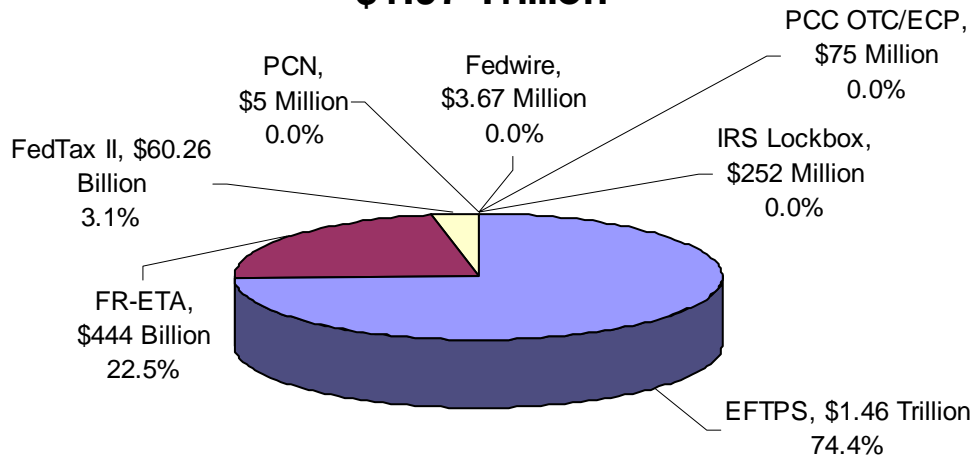


## FY06 Collection Activity: Systems and Programs

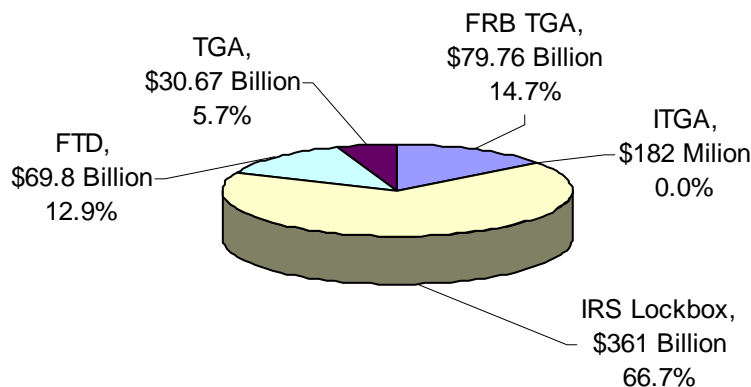
- **Electronic Federal Tax Payment System (EFTPS)**: offers online, phone and other options for individuals, businesses and their agents to pay federal taxes electronically.
- **Pay.gov**: used to make secure electronic payments to federal agencies through ACH debits or credits.
- **Federal Reserve-Electronic Tax Application (FR-ETA)**: a same-day electronic mechanism for tax payments.
- **FedTax II**: facilitates the electronic payment of federal taxes withheld from employee pay by federal agencies.
- **Fedwire Deposit System (FDS)**: service for time-critical collections made by wire transfer.
- **Treasury General Accounts (TGAs)**: domestic financial institutions authorized to accept over-the-counter deposits from federal agencies.
- **International TGAs (ITGAs)**: U.S. or foreign financial institutions authorized to exchange Treasury checks for foreign currency and receive U.S. dollar deposits from disbursing officers overseas.
- **Commodity Credit Corporation (CCC)**: Government-owned and operated entity created to

*(Continued on page 3)*

### Electronic Tax Collections FY06 \$1.97 Trillion



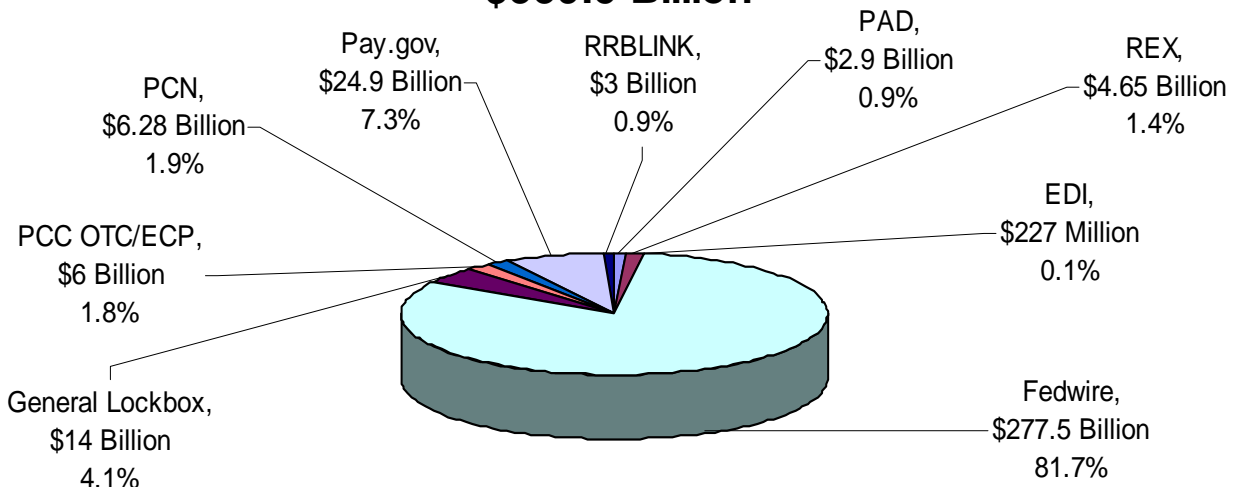
### Non-Electronic Tax Collections FY06 \$541.5 Billion



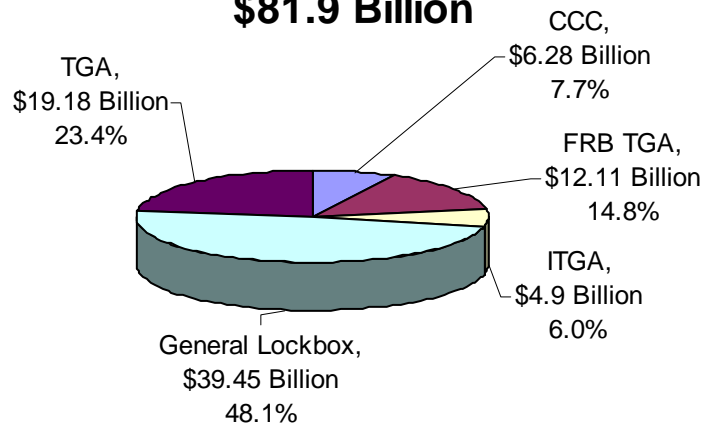
stabilize, support, and protect farm income and prices.

- **Plastic Card Network (PCN)**: used by federal agencies that accept plastic cards for monies owed to federal agencies.
- **Paper Check Conversion Over the Counter/Electronic Check Processing (PCC OTC/ECP)**: the truncation or conversion of checks into ACH debits.
- **RRBLINK**: used by employers covered under various railroad acts for a variety of taxes and contributions.
- **Remittance Express (REX)**: allows federal agencies to receive payments from remitters via ACH credits.
- **Pre-Authorized Debit (PAD)**: the electronic transfer of funds authorized in advance by the remitter, permitting a federal agency to collect payments automatically on a predetermined date.
- **Federal Tax Deposit Coupons (FTDs)**: used by employers to make paper payments of withholding tax or trust fund deposits.
- **Electronic Data Interchange (EDI)**: the computer-to-computer transmission of business and financial information in a standardized format.

### Electronic Non-Tax Collections FY06 \$339.5 Billion



### Non-Electronic Non-Tax Collections FY06 \$81.9 Billion



# FEDERAL SURETY SEMINAR SET FOR FEB. 1 IN MARYLAND

By **ROBERT A. CLINE**

**A**ttention, all federal contracting officer's technical representatives (COTRs), legal representatives and other federal employees involved in the **Financial Management Service's (FMS) Surety Bond Program**.

FMS's Surety Bond Branch (SBB) is hosting a seminar titled "The Dynamics of Surety Bonds" on Feb. 1 at the University of Maryland Conference Center, 3501 University Blvd. in Adelphi, Md.

If you are a COTR, legal representative or other federal employee involved in suretyship, you do not want to miss the opportunity to attend this free seminar and to enhance your knowledge of surety bonds.

A surety bond is an agreement that provides for monetary compensation if there is a failure to perform specified acts within a stated period. Federal surety bonds protect the government's interests. Federal suretyship is a three-party relationship involving the government, a person or entity required to post a bond, and a surety (either individual or corporate).

Surety Bond Branch members, the FMS chief counsel's office and industry subject matter experts will speak at the seminar. Topics will include:

- Individual sureties
- Powers of attorney
- Small Business Administration Guarantee Program

- Reinsurance agreements
- Miller Act construction bid, payment and performance bonds
- Agency claims processed by SBB
- Acceptable assets in lieu of corporate sureties pursuant to the Federal Acquisition Regulations (FAR), CFR Part 28.

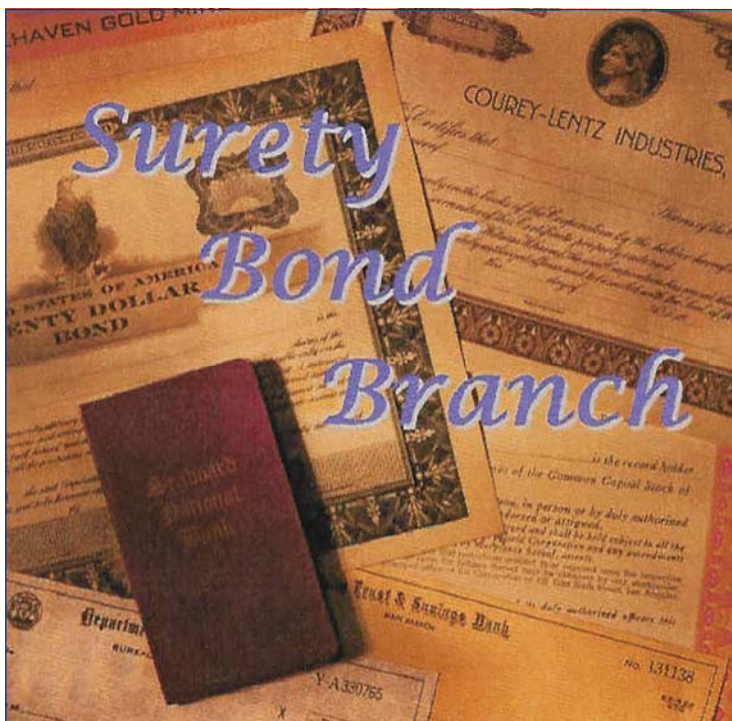
The Surety Bond Branch is responsible for administering the federal government's surety bond program under Title 31 USC 9304–9308. This includes comprehensive reviews of insurance companies' financial condition and is detailed in 31 CFR Part 223 and in Treasury's Annual Letter to Executive Officers of Surety Companies.

The branch's reviews look not only at insurance companies' financial status but also other important areas such as management and suretyship experience, reinsurance practices, and claims paying practices. These reviews are critical in

determining whether a company can be included in Treasury Circular 570. The circular lists corporate sureties that have been granted authority to write federal surety bonds. The Miller Act established the requirement that all contractors performing contracts in excess of \$25,000 (presently \$100,000) for the construction, alteration or repair of public buildings or public works obtain performance and payment bonds. The performance bond provides agencies with a guarantee that the terms of the contract will be met in the case of primary contractor default. The payment bond states

that the surety will pay all subcontractors and suppliers in the case of a contractor default.

**For more information** about the seminar, visit [www.fms.treas.gov/c570](http://www.fms.treas.gov/c570) or contact the branch at [Surety.Bonds@fms.treas.gov](mailto:Surety.Bonds@fms.treas.gov) or (202) 874-6850.



# Training Is Key to FedDebt Cross-Servicing Growth

By LARRY WHITE

**B**efore implementing FedDebt's new cross-servicing application earlier this year, **Financial Management Service (FMS)** employees conducted sessions across the country to train federal program agency (FPA) and private collection agency (PCA) users.

With the successful implementation in January 2006, FPAs for the first time can refer, view and maintain their debts online; PCA users now can view and update debts within their prospective portfolios. The new application also provides all external stakeholders with the ability to instantly access a wide variety of reports pertaining to their debts and collections.

FMS's Debt Management Service (DMS) quickly realized after the implementation that providing follow-up and additional training sessions could not only play an integral role in the smooth transition to the new system, but also be used to assist external users in realizing the full impact FedDebt could play in their federal debt collection efforts.

With this goal in mind, DMS's newly formed Conferences and Agency Education Team began a consolidated effort with Agency Liaison personnel at the Birmingham Debt Management Operations Center to determine what should be offered in the upcoming sessions. The groups worked closely to coordinate, organize and develop a training regiment to allow agency users to take full advantage of FedDebt's online capabilities.

By accessing and utilizing a database developed specifically for training, program agency users can get hands-on experience with the majority of the functionality available to them in the online application. Participants learn how to correctly access and log into the application using a predetermined password and login ID. Once

## DEBT COLLECTION

### What People Are Saying About Cross-Servicing Training

FMS has conducted more than a dozen FedDebt online cross-servicing training sessions in locations including Washington, D.C.; Denver, Colo.; and St. Louis, Mo.

Approximately 218 participants have attended these sessions. Attendee feedback has included:

*"The instructors gave me special time and attention to a problem I had been having. Thanks!"*

*"The training was very good and helpful. Thanks!"*

*"The instructors were excellent. I would like to have more hands-on training like this!"*

correctly logged into the application, users are taught how to input new debts for referral as well as maintain or update any of their existing debts that currently reside in the system.

By utilizing specific information pertaining to a debt, agency users are taught how to search the system, display the debt and debtor information, and interpret any historical and financial information. Should the need to recall a debt from collection activity arise, agency users are instructed on how to perform this function within the system.

Online users also learn how to process financial transactions and use the system to retrieve reports including the ad hoc financial activity detail and summary reports, the reconciliation report, new case entry report, creditor agency unprocessable report and many others designed to provide up-to-date debt and collection information specific to their respective agencies.

In addition to an overwhelming response to the FedDebt training sessions, the Integrated FedDebt Project remains a hot topic for discussion among FPAs. Both users and non-users of the current cross-servicing application are extremely interested in the project as a whole and are excited about what future collection options FedDebt will be able to offer their agency.

**For more information** on future training sessions, visit [www.fms.treas.gov/debt/training.html](http://www.fms.treas.gov/debt/training.html).



# Treasury Report on Receivables Changes Coming

By DEBBIE DAVENPORT,  
TOM KOBIELUS AND MATT LORELLI

**O**n January 16, federal agencies will begin to report using the new and improved Treasury Report on Receivables and Debt Collection Activities (TROR). This will be the culmination of a 2 ½-year effort by the **Financial Management Service's** (FMS) Debt Management Services (DMS) and the federal program agencies (FPAs) to improve the reporting of receivables and debt collection efforts governmentwide.

The TROR is the **Department of the Treasury's** only comprehensive means for periodically collecting data on the status and condition of the federal government's non-tax debt portfolio in accordance with the requirements of the Debt Collection Act (DCA) of 1982 and the Debt Collection Improvement Act of 1996 (DCIA). The information in the TROR is disseminated to Congress; the **Office of Management and Budget** (OMB); agency chief financial officers (CIOs); representatives of other federal, state and

private sector organizations; and the public. Treasury has been collecting data on the status of the federal government's debt portfolio since the early 1980s.

In preparation for the reporting of the new TROR, DMS is providing workshops. Several have already taken place in Washington, D.C., and various FPA offices. Training at the **Department of Defense** Finance & Accounting Service (DFAS)



center in Denver held in July drew 30 attendees from nine agencies. DMS also provided agency-specific training for the **Department of Agriculture's** Rural Development area and U.S. Forest Service during the summer and fall. Training also was scheduled for the **Department of Housing and Urban Development** this month in

Washington and elsewhere through the remainder of the calendar year.

**For more information**, visit [www.fms.treas.gov/debt/dmrpts.html](http://www.fms.treas.gov/debt/dmrpts.html), or contact Shirley Williams-Jefferson, Accounting and Agency Services Division branch manager, at [shirley.williams-jefferson@fms.treas.gov](mailto:shirley.williams-jefferson@fms.treas.gov) if you are interested in agency-specific TROR training.

## UPCOMING EVENTS

*For more about FMS events, see [www.fms.treas.gov/calendar.html](http://www.fms.treas.gov/calendar.html).*

**Nov. 14:** Philadelphia Financial Center agency forum, Philadelphia.

**Nov. 14:** FedDebt training for cross-servicing agencies, Washington, D.C.

**Dec. 11:** Treasury Report on Receivables workshop, Washington, D.C.

*The Financial Connection* is published by the Financial Management Service, a bureau of the U.S. Department of the Treasury. Our address is FMS, 401 14th Street SW, Room 304E, Washington, DC 20227; phone: (202) 874-6763; e-mail, [melanie.rigney@fms.treas.gov](mailto:melanie.rigney@fms.treas.gov). For a free subscription to the monthly electronic version, please go to [fmsapps.treas.gov/subscription/subscription.asp](http://fmsapps.treas.gov/subscription/subscription.asp).

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